



Alcoa

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July 6, 2005

Susan L. Hall
Environmental Counsel
The Fairchild Corporation
1750 Tysons Boulevard, Suite 1400
McLean, VA 22102-4244

VIA CERTIFIED MAIL

Alcoa/Fairchild

Dear Ms. Hall:

In connection with the mediation session scheduled for July 13, 2005, please find enclosed a chart reflecting amounts spent by Alcoa through May 2005 for Environmental Liabilities. Some of the items on the chart (identified with an asterisk or double asterisk) have not been the subject of prior notice pursuant to Section 11.6 of the Acquisition Agreement. Accordingly, Alcoa hereby notifies Fairchild that those Environmental Liabilities are subject to indemnification under the terms of the Acquisition Agreement. As of May 2005, Alcoa had not yet incurred any expenses in connection with those Environmental Liabilities identified with a double asterisk.

Alcoa continues to incur expenses for Environmental Liabilities. To the extent that Alcoa previously provided Fairchild with notice of particular Environmental Liabilities, the enclosed chart provides more current information (through May 2005) regarding the amounts spent for those Environmental Liabilities. Alcoa will notify Fairchild of any additional Environmental Liabilities that it may identify.

Please contact me if Fairchild would like further information regarding any Environmental Liability.

Capitalized terms used in this letter have the meaning assigned to them in the July 16, 2002 Acquisition Agreement.

Sincerely,

A handwritten signature in dark ink, appearing to read "John A. Lease".

John A. Lease

Encl.

Copy w/encl. to:

David G. Januszewski, Esq.
Cahill Gordon & Reindel LLP
80 Pine Street
New York, NY 10005

FAIR50001092

Environmental Liabilities through May 2005

Location Name	Project Number	Project Title	Total
City of Industry	36010-001	Ground Water Treatment System	\$42,903.02
	36010-005	Obtain NPDES Permit for 110 Unruh Ave	\$3,700.00
	36010-002	Hazardous Waste Drum Storage**	\$0.00
	36010-003	DMP Integrity Assessment**	\$0.00
	36010-006	Soil Remediation Project**	\$0.00
	36010-007	Third-party Air Compliance Survey	\$6,374.41
	36010-008	Lock Tag Verify compliance	\$32,883.96
	36010-009	Confined Space Compliance*	\$23,495.40
	36010-010	Fall Protection Compliance	\$56,895.57
	36010-011	Mobile Equipment Compliance*	\$3,220.00
	36010-004	IDW Removal*	\$10,413.10
	36010-012	Machine Guarding Compliance	\$361,408.63
	36010-014	Earthquake Hazard Reduction*	\$76,316.00
	36010-015	Radiation Safety Compliance**	\$0.00
	36010-016	DPCRA EPA Form R Audit**	\$0.00
	36010-017	AST Removal & Investigation	\$33,999.11
	36010-018	Electrical Safety Compliance*	\$59,048.00
	P0482-G51F02319	Temple Ave. - Groundwater Project Transition and Groundwater System Relocation Project Management	\$96,895.15
	P0482-G51F02368	Temple Ave. - Groundwater Project Management and Agency Interface	\$26,355.57
	P0482-G51F02369	Temple Ave - Vadose Zone - Project Management and Agency Interface	\$59,028.23
	P0482-G51F02389	Temple Ave. - Vadose Zone- Supplemental Characterization and Investigation	\$245,981.56
	P0482-G51F02520	Temple Ave - Groundwater Monitoring	\$59,486.37
	P0482-G51F02566	Temple Avenue - Groundwater - System expansion and operations and maintenance	\$246,570.34
	P0482-G51F02569	Temple Ave. -Vadose Zone - Soil Vapor Extraction activities	\$58,851.72
	P0482-G51F02321	Unruh Ave. -Soil and Groundwater Scoping, Follow-up Investigation and Project Management	\$75,469.38

Environmental Liabilities through May 2005

Location Name	Project Number	Project Title	Total
Fullerton	36020-001	Confined Space Compliance	\$49,223.88
	36020-002	Electrical Safety Compliance	\$36,598.74
	36020-003	Fall Protection Compliance	\$128,470.63
	36020-004	Lock Tag Verify compliance	\$82,787.75
	36020-005	Machine Guarding Compliance	\$560,177.67
	36020-006	Third-party Air Compliance Survey	\$35,494.49
	36020-007	Decontaminate and Dismantle PERC Vapor Degreaser	\$72,463.18
	36020-009	IDW Removal & Disposal*	\$18,166.71
	36020-011	Storm Water Runoff Quality Control	\$3,100.00
	36020-012	Fire Safety	\$2,888.50
	36020-013	Radiation Safety Compliance	\$0.00
	36020-014	RPCRA EPA Form R Audit**	\$0.00
	36020-015	Combustion Safety*	\$34,740.50
	P0482-G52F02318	Soil and Groundwater Scoping and Project Management	\$8,000.00
	P0482-G52F02370	First stage of Site Characterization	\$175,821.34
Stoughton	P0482-G52F02835	Site Characterization and Groundwater Monitoring	\$7,905.13
	36050-001	Septic System Leach Field	\$113,318.96
	36050-003	Confined Space Compliance*	\$17,554.59
	36050-004	Flammable Liquids Compliance	\$5,800.00
	36050-005	Lock Tag Verify compliance	\$8,431.59
	36050-002	Machine Guarding Compliance	\$18,860.18
	36050-006	Mobile Equipment Compliance*	\$56,581.22
	36050-007	Fall Protection Compliance*	\$65,761.35
St. Cosme	36230-001	Air Emissions Analysis	\$13,789.74
	36230-002	Hazardous Substances Transportation Advisor	\$4,971.10
	36230-003	Confined Space Compliance*	\$43,027.81
	36230-004	Fall Control Compliance	\$36,556.15
	36230-005	Lockout/Tagout/Verification	\$116,920.60
	36230-006	Mobile Equipment Compliance*	\$24,884.74
	36230-007	LPG Tank Explosion Hazard Study*	\$3,416.16
	36230-008	Compliance of Remiremont Machines	\$1,644.45
	36230-010	Effluent Sampler for Wastewater Treatment Plant	\$12,023.00
	36230-011	Secondary Containment for Oils & Chemicals	\$121,008.68
	36230-012	Inflatable Plug for Discharge Point	\$36,003.57
	36230-013	Building for Hazardous Substance Storage	\$255,056.40
	36230-014	Compliance Of Simmonds Pneumatic Press*	\$4,178.73
	36230-021	Surface Treatment Lines Flowmeters	\$3,504.29
	36230-020	GW Well Water Meters	\$1,412.15
	36230-015	New Sanitary block	\$59,751.55
	36230-016	Analysis of Wastewater Effluents	\$3,584.47
	36230-017	Machine Guarding - 5 machines	\$3,345.53
	36230-019	LPG Tank Safety**	\$0.00
	36230-022	Plant Electrical Compliance*	\$7,600.05
	36230-023	Noise Emissions Analysis	\$9,432.54
	36230-024	Protection Against Lightning*	\$45,476.74
	36230-018	Identification of propane and methanol pipelines*	\$5,084.38

Environmental Liabilities through May 2005

Location Name	Project Number	Project Title	Total
	36230-025	Waste Containers	\$11,063.20
	36230-026	Hazardous Waste Compliance	\$24,344.04
	36230-009	Trichloroethylene Degreasing Machine Replacement	\$315,517.53
	36230-027	Wastewater Treatment Technical Survey	\$99,720.90
	36230-028	Operating Permits	\$19,227.66
	36230-030	Asbestos Assessment	\$26,300.38
	36230-031	Heat Treatment Compliance	\$167,325.57
	36230-032	Third-party Compliance Assessment*	\$29,504.92
	36230-029	Machine Guarding Compliance	\$175,973.91
	36230-033	Noise & Air IH Survey	\$4,615.34
	36230-034	Ergonomics TS 20 & TS 10*	\$50,035.00
	36230-035	MAYPRESS 63T Compliance	\$5,498.92
	36230-036	Pedestrian & Forklifts Traffic Organization*	\$8,114.24
	36230-038	Smoking Area*	\$7,359.37
	36230-040	Extractor Pan for Chemicals*	\$77,866.70
	36230-041	Electrical Installations Non-Compliance*	\$120,183.45
	36230-042	Emergency Risks & Sign Posts*	\$8,592.57
	36230-043	Burden & Loading Tests for Cranes & Lift Equip*	\$11,594.23
	36230-044	Heat Treatment - Cooling Water Recycle	\$55,124.61
	36230-045	Emergency Lighting*	\$131,379.40
	36230-046	Secondary Containment Inside Machinery & Equipment	\$233,129.18
	36230-049	Ergonomic Problems*	\$1,018.07
	36230-052	Traffic Compliance*	\$41,457.41
	36230-054	WWTP Compliance	\$40,483.30
	36230-055	NC Work Assistance*	\$11,707.58
	36230-047	Back Flow Prevention	\$3,406.10
	36230-050	Stormwater Protection & Secondary Containment	\$343,608.32
	36230-056	Sewer Inspection	\$7,743.88
	36230-058	Semi-automatic/automatic Door Compliance*	\$0.00
	36230-061	Firewater Retention Basin*	\$5,771.04
	36230-062	Boiler Emission Stacks	\$14,227.57
	36230-063	Fire Alarm & Smoke Detection System*	\$32,234.30
	36230-059	Wastewater Compliance	\$18,720.73
	36230-060	Septic Tank*	\$84,259.80
	36230-065	Wastewater Treatment Plant	\$1,064,906.07
	36230-066	Heat Treatment - Cooling Water Recycle #2	\$249,929.71
	36230-067	High Pressure Jet Washing*	\$113,203.26
	P0482-G68F02272	Simplified Risk Assessment	\$9,328.00
	P0482-G68F02580	Detailed Risk Assessment	\$88,124.45

Environmental Liabilities through May 2005

Location Name	Project Number	Project Title	Total
Toulouse	36360-001	Collect & Storage Tanks for Treatment of Nitrate Elements*	\$47,011.67
	36360-002	Interior & External Lightening Protection*	\$13,296.36
	36360-003	Hazardous Material Storage Containers	\$6,120.21
	36360-004	Parking	\$583,733.78
	36360-005	Fall Prevention Program*	\$156,151.78
	36360-006	Complete Simplified Risk Assessment	\$44,130.04
	36360-007	Air Emissions Analysis	\$12,863.40
	36360-008	Sewer System Repair	\$0.00
	36360-009	Complete LTV Procedures	\$29,792.46
	36360-010	Detailed Risk Assessment for Soil & GW Contamination	\$23,873.98
Montbrison	36280-001	Complete Compliance Assessment	\$60,464.59
	36280-002	Environmental Permit compliance Needs - Secondary Containment	\$11,219.90
	36280-007	Soil and Groundwater Simplified Risk Assessment	\$15,735.76
	36280-003	Environmental Permit Compliance Needs-Asbestos	\$1,284.55
	36280-004	LTV - Chip Crusher	\$596.45
	36280-005	Noise Survey Corrective Action	\$4,604.43
	36280-006	Fall Protection Items**	\$0.00
	36280-008	Replace Noncompliant Degreaser	\$236,427.25
	36280-009	Replace Waste Oil Underground Tank	\$30,186.14
	36280-010	Complete Boiler Monitoring Requirements*	\$3,073.81
	36280-011	Stormwater/Wastewater	\$67,407.07
	36280-012	Security Fences at Hazardous Areas*	\$3,320.68
	36280-013	Complete Detailed Risk Assessment	\$0.00
	36280-014	Emission Stack Modification and Monitoring*	\$10,396.83
	36280-016	Underground Storage Tanks Closure*	\$15,014.30
	36280-015	Machine Guarding	\$7,324.44
	P0482-G71F02269	Detailed Risk Assessment for Soil & GW Contamination	\$208,531.78

Environmental Liabilities through May 2005

Location Name	Project Number	Project Title	Total
Vougy	36320-001	Complete Compliance Assessment	\$4,573.52
	36320-002	Simplified Risk Assessment - Soil & Groundwater*	\$5,872.32
	36320-003	Dust Collection*	\$275.07
	36320-006	Noise Survey Corrective Action*	\$2,163.52
	36320-007	Underground Fuel Tank	\$25,891.00
	36320-009	Stormwater Drains and Oil Tank	\$0.00
	36320-010	Backflow Preventers*	\$433.09
	36320-012	Fence Installation*	\$19,418.25
	E0086-001	Environmental Legal Support Services**	\$0.00
	BUAFS-001	Phase II Site Investigations - 14 Locations	\$983,894.26
	36060-001	Wastewater Study	\$202,375.61
	36060-002	Air Compliance Survey	\$56,905.95
Torrance	36060-004	Lock Tag Verify compliance	\$88,005.23
	36060-005	Confined Space Compliance	\$59,276.81
	36060-009	IDW Removal & Disposal*	\$18,542.90
	36060-003	Fall Protection Compliance	\$132,899.36
	36060-006	Mobile Equipment Compliance	\$30,330.51
	36060-007	Machine Guarding Compliance	\$131,706.69
	36060-008	Electrical Safety Compliance	\$100,518.49
	36060-010	Design & install Ion Exchange Columns	\$60,988.84
	36060-011	Purchase & installation of Ph and Conductivity Probes	\$15,550.00
	36060-012	Sand Filter Removal and Upgrade	\$42,479.49
	36060-013	Radiation Safety Compliance**	\$0.00
	36060-014	DPCRA EPA Form R Audit**	\$0.00
	36060-015	Flammable Liquids Storage Cabinets**	\$0.00
	36060-019	Thermal Oxidizer Project**	\$0.00
	P0482-G57F02320	Soil and Groundwater Scoping and Project Management	\$10,000.00
	P0482-G57F02371	First Stage of Soil and Groundwater Investigations	\$249,865.53
	P0482-G57F02372	Soil and Groundwater Project Management and Agency Interfacing	\$56,793.00
	P0482-G57F02600	Second Stage of Soil and Groundwater Investigations	\$184,166.59
	P0482-G57F02898	Development of Interim Groundwater Monitoring System	\$1,435.00
	P0482-G57F02916	Remediation Monitoring	\$3,340.00
Simi Valley	36040-001	Lock Tag Verify compliance	\$1,621.26
	36040-002	Confined Space Compliance*	\$4,043.08
	36040-003	Universal Waste Management	\$625.00
	36040-004	Fall Protection*	\$34,772.75
	36040-005	Machine Guarding Compliance	\$14,770.47
	36040-006	Electrical Compliance*	\$8,861.00
Bardon	36540-001	Test Portable Electrical Appliances*	\$642.20
	36540-002	Mark Gas Pipes in Warehouse*	\$443.73
	36540-003	First Aid Training*	\$645.43

Environmental Liabilities through May 2005

Location Name	Project Number	Project Title	Total
Hildesheim	36440-001	Modification Wastewater Treatment	\$193,468.00
	36440-002	Wet Scrubber*	\$18,524.15
	36440-003	Third-party Inspection of Electrical Equipment	\$23,806.55
	36440-004	Third-party Risk Assessment*	\$37,893.70
	36440-005	CE Conformity	\$37,084.53
	P0482-G79F02477	Confirmatory Ground Water Investigation*	\$15,118.03
Nemesvamos	36480-001	Third-party Machine Guarding Assessment	\$8,325.72
Kelkheim	36420-001	Asphalt Surface Repair*	\$48,521.68
	36420-002	Machine Guarding	\$37,653.77
	36420-003	Lockout Tagout Assessment	\$45,574.88
	36420-004	Fall Control Assessment	\$12,535.82
	36420-005	Electrical Safety - CY 2004*	\$31,330.68
	P0482-G78F02489	Follow-up Ground Water Investigation*	\$29,455.15
	P0482-G78F02564	External Well Installation/Sampling**	\$0.00
Grand Total			\$12,292,719.76